

Message Text

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PAGE 01 VIENNA 04698 01 OF 03 221644Z
ACTION IO-14

INFO OCT-01 AF-10 EUR-12 ISO-00 HA-05 CIAE-00 DODE-00
PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01
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TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01
STR-07 OIC-02 /132 W
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P 221614Z MAY 78
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC PRIORITY 6486
INFO USMISSION USUN NEW YORK
AMEMBASSY PRETORIA

LIMITED OFFICIAL USE SECTION 01 OF 03 VIENNA 04698

E.O. 11652: N/A
TAGS: EINV, OTRA
SUBJECT: UN COMMISSION ON TRANSNATIONAL CORPORATIONS:
REPORT ON TNC ACTIVITIES IN SOUTHERN AFRICA

REF: VIENNA 4635

1. BEGIN SUMMARY: RELATIVELY MODERATE OPENING AFRICAN
DEL STATEMENTS ON FRIDAY, MAY 19 ON THIS SUBJECT GAVE WAY
ON SATURDAY TO WELL-ORCHESTRATED PRESENTATION OF TOUGH
POSITION CONSISTENT WITH DRAFT RESOLUTION TEXT (REFTEL)
CALLING FOR AN END TO ALL ECONOMIC COLLABORATION WITH
MINORITY RACIST REGIMES IN SOUTHERN AFRICA. U.S. AND
OTHER DEVELOPED COUNTRY STATEMENTS RELATIVELY LOW-KEY,
BUT EMPHASIZING REJECTION OF APARTHEID AND POSITIVE
INITIATIVES SUCH AS CODES OF CONDUCT.

2. FINAL VERSION OF RESOLUTION ON SOUTHERN AFRICA HAD NOT
BEEN AGREED BY G-77 AS OF NOON, MONDAY, MAY 22, BUT WE
UNDERSTAND LATEST VERSION DIFFERS ONLY SLIGHTLY FROM THAT
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PAGE 02 VIENNA 04698 01 OF 03 221644Z

SUBMITTED REFTEL. VOTE ON EVENTUAL RESOLUTION TEXT
LIKELY TO COME LATE IN WEEK, AND GENERAL IMPRESSION BEING
GIVEN CONFERENCE BY AFRICAN DELS IS THAT THEY DO NOT INTEND
TO OPEN UP FINAL TEXT TO FURTHER NEGOTIATION ONCE TABLED,
BUT INSTEAD WILL PRESS FOR STRAIGHT UP-DOWN VOTE. IF
THAT OCCURS, U.S. DEL PLANNING NEGATIVE VOTE AND WILL BE
SUPPORTED BY SOME OTHER DEVELOPED COUNTRIES. END SUMMARY.

3. DEBATE ON TN CENTER SECRETARIAT REPORT ON "ACTIVITIES OF TNCs IN SOUTHERN AFRICA: IMPACT ON FINANCIAL AND SOCIAL STRUCTURE" BEGAN MAY 19 WITH INTRODUCTION OF AGENDA ITEM BY CENTER EXECUTIVE DIRECTOR SAHLGREN. SAHLGREN MADE MODERATE STATEMENT, REVIEWING HIGHLIGHTS OF REPORT AND REPEATING ITS CONCLUSIONS REGARDING LACK OF TNC IMPACT IN MODERATING EFFECTS OF APARTHEID IN SOUTH AFRICA, AND INCREASED SOUTH AFRICAN DEPENDENCE ON FOREIGN BORROWING. HE DID, HOWEVER, NOTE THAT IT WAS TOO EARLY TO JUDGE RESULTS OF RECENT HOME COUNTRY INITIATIVES, CITING EC-9 AND SULLIVAN CODE, AND FRG AND CANADIAN WITHDRAWAL OF GOVERNMENT INCENTIVES FOR INVESTMENT. AS DID MOST COMMISSION DELEGATIONS LATER ON IN DEBATE, SAHLGREN FOCUSED HIS REMARKS MAINLY ON SOUTH AFRICA.

4. ZAMBIAN DEL (FROM N.Y. MISSION) SPOKE ON BEHALF OF AFRICAN GROUP, ALTHOUGH ALL OTHER AFRICAN DELS ALSO INTERVENED IN TWO DAYS OF WELL-COORDINATED STATEMENTS COVERING RANGE OF ISSUES RAISED IN REPORT AND IN THEIR (AT THIS POINT NOT YET TABLED) DRAFT RESOLUTION. HE CHARACTERIZED EC, CANADIAN AND NORDIC ACTIONS, AND RECENT CHASE AND CITY BANK LOAN POLICY ANNOUNCEMENTS, AS SMALL BUT POSITIVE STEPS. CONTINUING REALITY, HOWEVER, WAS INCREASED COLLABORATION OF TNCs WITH "RACIST MINORITY REGIMES" IN SOUTHERN AFRICA IN DEFIANCE OF TNC COMMISSION AND GA LIMITED OFFICIAL USE

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PAGE 03 VIENNA 04698 01 OF 03 221644Z

RESOLUTIONS. HE PRAISED CENTER REPORT AND SAHLGREN REMARKS, WHICH IN HIS VIEW PRESENTED CONCLUSIVE EVIDENCE OF ROLE OF TNCs IN REGION TO BOLSTER RACIST REGIMES. ZAMBIAN REP CALLED FOR ACTION BY COMMISSION TO TERMINATE ACTIVITIES OF TNCs IN THE REGION, STATING ARGUMENT THAT BLACKS WOULD SUFFER FROM WITHDRAWAL OF WESTERN INVESTMENT WAS UNCONVINCING AND HYPOCRITICAL. HIS ONLY SPECIFIC DETAIL IN MAKING CALL FOR ACTION, HOWEVER, WAS FOR SUFFICIENT GUIDELINES FROM COMMISSION TO PROVIDE POLITICAL IMPETUS TO ONGOING WORK IN "SUBSIDIARY BODIES" (SIC) WORKING ON CODE AND ILLICIT PAYMENTS.

5. OTHER AFRICAN DELS SPEAKING FRIDAY, GHANA AND NIGERIA, TOOK EQUALLY UNSPECIFIC LINE, THE GHANAIAN FOCUSSED ON TNC ROLE IN "ILLEGAL" EXPLOITATION OF NAMIBIAN RESOURCES, AND NIGERIAN COMMENTING EXTENSIVELY ON ISSUE OF RECOGNITION OF BLACK TRADE UNIONS IN SOUTH AFRICA (AN ARGUMENT WHICH OF COURSE IMPLICITLY ASSUMES EXISTENCE OF TNC PRESENCE). INDIAN DEL (BHATT) ALSO REITERATED THEMES IN ZAMBIAN STATEMENT, AND CITED REPORT OF SENATOR CLARK'S SUBCOMMITTEE AS CONSISTENT WITH CONCLUSIONS OF CENTER.

6. ADDITIONAL FRIDAY DEBATE INCLUDED BRIEF SWEDISH STATEMENT (NIKLASSON) REVIEWING RECENT UN AND NORDIC COUNTRY INITIATIVES, AND ESTABLISHMENT OF SWEDISH PARLIAMENTARY COMMITTEE NOW EVALUATING PROPOSALS TO CUT OFF SWEDISH INVESTMENT IN SOUTH AFRICA. FRG STATEMENT, MADE ON BEHALF OF EC-9, CONDEMNED APARTHEID AND PRESENTED EC-9 CODE AS POSITIVE, REALISTIC TOOL FOR CHANGE IN SOUTH AFRICA. EMPHASIS ON THIS LATTER POINT WAS ON GOVERNMENTS' ENCOURAGEMENT OF COMPLIANCE, AND "REQUIREMENT" OF FUTURE ANNUAL REPORT BY COMPANIES AS BASIS FOR INTERGOVERNMENTAL REVIEW. FRG DEL NOTED THAT EC-9 HAD APPROACHED OTHER OECD COUNTRIES TO ENCOURAGE WIDER ADOPTION OF CODE.

7. SATURDAY MAY 20 G-77 SPEAKERS (KENYA, UGANDA, ALGERIA, LIMITED OFFICIAL USE

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PAGE 04 VIENNA 04698 01 OF 03 221644Z

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PAGE 01 VIENNA 04698 02 OF 03 221652Z
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TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01
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TO SECSTATE WASHDC PRIORITY 6487
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JAMAICA) TOOK TOUGHER LINE. KENYAN AND UGANDAN BELITTLED CODE EFFORTS, BUT DID NOT SPECIFY THE TYPE OF VIGOROUS ACTION THEY CALLED ON COMMISSION TO TAKE. THEMES OF TNC COOPERATION IN SOUTH AFRICAN MILITARY EXPANSION AND NUCLEAR PROGRAM WERE ALSO INTRODUCED. ALGERIAN TOOK PARTICULARLY HARD LINE, REJECTING MARGINAL REFORMS WHICH CODES MIGHT ACCOMPLISH, AND ASSERTING THAT ALL TNCS IN SOUTHERN AFRICA WERE "CONNIVING" WITH RACIST REGIMES LOCATED THERE. HE CALLED FOR A BAN ON DELIVERY OF OIL AND STRATEGIC MATERIALS TO SOUTH AFRICA AND URGED CENTER STUDY ROLE OF SOUTH AFRICAN GOLD IN WESTERN ECONOMIES AND MONETARY INSTITUTIONS SUCH AS THE IMF. JAMAICA REP (NEIL) IN EFFECTIVE STATEMENT ASSERTED SOUTH AFRICA WILL NEVER TAKE UN CALLS FOR CHANGE SERIOUSLY SO LONG AS ITS BUSINESS LINKS REMAIN OPEN. HE ALSO CALLED FOR AN END TO ALL NEW LIMITED OFFICIAL USE

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PAGE 02 VIENNA 04698 02 OF 03 221652Z

INVESTMENT AND THE WITHDRAWAL OF EXISTING INVESTMENT AND URGED COMMISSION TO CALL FOR AN END TO ALL "DEALINGS" WITH SOUTH AFRICA. HE ASSERTED THAT SOUTH AFRICAN BLACKS SUPPORT THIS COURSE.

8. AMONG WESTERN DELEGATES, U.K. REP (DENHAM) TOOK LEAD IN ARGUING THAT ECONOMIC LINKS TO SOUTH AFRICA COULD AND SHOULD BE USED POSITIVELY, AND ASSERTED THAT THERE HAS BEEN IMPROVEMENT, PARTICULARLY IN WAGES PAID TO BLACKS. SHE ASSERTED THAT EC-9 CODE WOULD BE A POSITIVE FORCE IN THIS AND OTHER RESPECTS. SHE SAID THAT CENTER'S REPORT WAS BETTER THAN ITS EFFORT LAST YEAR, BUT WAS STILL UNBALANCED AND CONTAINED ERRORS. SWISS DEL ALSO TOOK POSITIVE LINE ON CONTRIBUTIONS MADE BY SWISS TNCS, AND ATTEMPTED TO SUPPORT ARGUMENT BY CITING EXAMPLES. FRG DEL TOOK FLOOR AGAIN ON HIS OWN COUNTRY'S BEHALF, EMPHASIZING POLITICAL NATURE OF DISCUSSION, WHICH COULD NOT BE SETTLED BY ECONOMIC MEASURES. HE ALSO NOTED THAT CENTER'S FIGURES ON EFFECT OF RECENT RECESSION ON BLACKS CONTRADICTED STATEMENTS ON EFFECTS OF INVESTMENT CUTOFF.

9. US DEL (RUBIN) SPOKE LATE IN DEBATE. HE RECALLED U.S. POSITION OPPOSING COMMISSION RESOLUTION WHICH LED TO REPORT UNDER DISCUSSION, BUT NEVERTHELESS REPORT WAS CLEARLY AN IMPROVEMENT OVER ITS PREDECESSOR. US DEL REAFFIRMED US CONDEMNATION OF APARTHEID AND NOTED ACTIONS UNDERTAKEN AT HIGHEST LEVEL OF U.S. GOVERNMENT INVOLVING U.S. PRESIDENT, SECRETARY OF STATE AND US AMBASSADOR TO UN TO ASSIST PEACEFUL RESOLUTION OF SOUTHERN AFRICA ISSUES. US DEL URGED THAT SUCH EFFORTS AND OTHERS BY U.S. BE GIVEN FULL WEIGHT, AND NOTED U.S. HUMAN RIGHTS CONCERN FOR EFFECTS ON INDIVIDUALS INVOLVED. HE NOTED FURTHER THAT NUMBER OF U.S. COMPANIES SUBSCRIBING TO SULLIVAN CODE HAD

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PAGE 03 VIENNA 04698 02 OF 03 221652Z

INCREASED CONSIDERABLY SINCE REPORT WAS ISSUED, AND ALSO OBSERVED THAT OTHER ECONOMIC MEASURES NOW UNDER STUDY BY U.S. GOVERNMENT. NEVERTHELESS, OUR LEVERAGE WAS LIMITED AND PROBLEMS OF SOUTHERN AFRICA WERE NOT AMENABLE TO EASY OR EARLY SOLUTION. ELIMINATION OF APARTHEID AND CREATION OF DEMOCRATIC RULE WERE CENTRAL TO U.S. DEVOTION TO CAUSE OF HUMAN RIGHTS.

10. EAST EUROPEAN BLOC SPEAKERS (USSR AND GDR) CONTINUED THEIR ACTIVE ROLES AS FISHERS IN TROUBLED WATERS, AND WEIGHED IN STRONGLY TO SUPPORT G-77 POSITION. CODE MEASURES OF WESTERN COUNTRIES WERE TOO LITTLE AND TOO LATE. GDR DEL URGED THAT GOVERNMENT MEASURES TO TERMINATE TNC ROLE IN SOUTHERN AFRICA BE INCLUDED IN CODE OF CONDUCT.

11. MOST NOTABLE EXPERT ADVISOR COMMENTS CAME FROM DAVID LEA (UK TRADE UNIONS COUNCIL) AND ELIZABETH JAGER (AFL-CIO). LEA, CITING TUC CONTACTS WITH BLACK SOUTH AFRICANS, URGED THAT WITHDRAWAL AND CUTOFF OF INVESTMENTS BE USED IN CONTEXT OF SHORT-FUSED ULTIMATUM TO SOUTH AFRICA TO CHANGE APARTHEID POLICY. JAGER CALLED THE ATTENTION OF COMMISSION TO AFL-CIO POLICY, EMANATING FROM FEBRUARY, 1978 MEETING OF EXECUTIVE COUNCIL. POLICY WENT BEYOND EMPLOYERS' GUIDELINES, AND INTER ALIA CALLED FOR SOUTH AFRICAN WITHDRAWAL FROM NAMIBIA, END OF EXIMBANK ACTIVITY IN SUPPORT OF TRADE WITH SOUTH AFRICA, SEVERING OF US COMPANY TIES WITH SOUTH AFRICAN AFFILIATES AND DIVESTMENT OF THEIR INVESTMENTS. IF SUCH ACTIONS YIELDED NO RESULTS, AFL-CIO WOULD ENDORSE ABSTENTION FROM ALL CONTACTS WITH SOUTH AFRICA, ENDING DIPLOMATIC RELATIONS, AND IMPOSITION OF UN SANCTIONS. SHE NOTED RECENT AFL-CIO LOBBYING ON BEHALF OF BILLS ON EXIM FINANCING AND BAN ON NEW US INVESTMENT IN SOUTH AFRICA.

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PAGE 01 VIENNA 04698 03 OF 03 221653Z
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P 221614Z MAY 78

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 6488

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12.. CONTRIBUTIONS OF EXPERT ADVISERS ON SOUTHERN AFRICA
AGENDA ITEM ENDED MONDAY MORNING, MAY 22, WITH NO
RESOLUTION ON SUBJECT AS YET INTRODUCED BY AFRICAN GROUP
OR G-77 AS A WHOLE. OUR INFORMATION IS THAT LATEST
VERSION IS AT LEAST AS STRONG AS EARLIER VERSION SENT
REFTEL AND DOES NOT DIFFER SUBSTANTIALY FROM IT IN ITS
FUNDAMENTALS, CONTINUING TO CALL FOR AN END TO ALL
ECONOMIC TIES WITH RACIST MINORITY REGIMES IN SOUTHERN
AFRICA PLUS FURTHER AND MORE EXTENSIVE REPORTS FROM
CENTER ON VARIOUSASPECTS OF TNC ACTIVITIES IN SOUTHERN
AFRICA. WOLF

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